

OBRA FORMULA FOR FISCAL YEAR 2004/05
NEW ANNUAL FINANCIAL DISCLOSURE REPORT FORMAT

<p>OBRA 1993</p> $\text{Hospital Specific} = \left(\frac{\text{Medi-Cal/Uninsured}}{\text{Expenses}} \right) - \left(\frac{\text{Medi-Cal/Uninsured}}{\text{Revenues}} \right)$ <p>Limit *</p>

* Note: As per BBA 97 and BBRA 99, the OBRA limit amounts determined by the formula will be applied:

- at 175% to public hospitals
- at 100% to non-public hospitals

Release Date: October 26, 2004

Medi-Cal/Uninsured Expenses

$$\text{Medi-Cal/Uninsured Expenses} = \left(\frac{\text{Projected Total Hospital Expenses For FY 04/05}}{\text{Patient Mix}} \right) \left(\text{Medi-Cal/Uninsured Patient Mix} \right) + \left(\text{Demonstration Project Expenses}^1 \right)$$

Where,

$$\text{Projected Total Hospital Expenses For FY 04/05} = \left(\frac{\text{Projected Adjusted Hospital Operating Expenses For FY 04/05}}{\text{Expenses For FY 04/05}} \right) + \left(\frac{\text{Estimated FY 4/05 CRRP Costs (From Survey)}}{\text{CRRP Costs (From Survey)}} \right) - \left(\frac{\text{Estimated FY 04/05 Medi-Cal Administrative Activities (From Survey)}}{\text{Medi-Cal Administrative Activities (From Survey)}} \right)$$

Where,

$$\text{Projected Adjusted Hospital Operating Expenses For FY 04/05} = \left[\left(\frac{\text{Total Operating Expenses}^2}{\text{(L0820001)}} \right) - \left(\frac{\text{Non-Patient Expenses}}{\text{Expenses}} \right) - \left(\frac{\text{CRRP Costs For FY Ending In 2002 (From Survey)}}{\text{CRRP Costs For FY Ending In 2002 (From Survey)}} \right) \right] \left(\frac{\text{Trend Factor}}{\text{Factor}} \right)$$

and where,

$$\text{Trend Factor} = \left[\left(\frac{\text{Medicare Market Basket Percentage for FFY 2003}}{\text{Basket Percentage for FFY 2003}} \right) \left(\frac{\text{Hospital 2002 FY End Month Adjustment Factor}}{\text{End Month Adjustment Factor}} \right) + 1 \right] \left[\left(\frac{\text{Medicare Market Basket Percentage for FFY 2004}}{\text{Basket Percentage for FFY 2004}} \right) + 1 \right] \left[\left(\frac{\text{Medicare Market Basket Percentage for FFY 2005}}{\text{Basket Percentage for FFY 2005}} \right) + 1 \right]$$

1. Demonstration project expenses are determined based on the terms and conditions of an approved federal Medicaid demonstration project.
2. From the OSHPD Annual Financial Disclosure Report for fiscal year ending in 2002.

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Medi-Cal/Uninsured Patient Mix	=	$\frac{\left(\begin{array}{c} \text{Total Medi-Cal} \\ \text{In/Outpatient Charges}^1 \\ (\text{L1241505} + \text{L1241506} + \\ \text{L1241507} + \text{L1241508} \\ + \text{Short/Doyle Charges}) \end{array} \right) + \left(\begin{array}{c} \text{Total County Indigent Program} \\ \text{In/Outpatient Charges}^2 \\ (\text{L1241509} + \text{L1241510} + \\ \text{L1241511} + \text{L1241512}) \end{array} \right) + \left(\begin{array}{c} \text{Total Uninsured} \\ \text{In/Outpatient Charges}^2 \\ (\text{L1241517} + \text{L1241518} + \\ \text{L1241519} + \text{L1241520}) \end{array} \right)}{\begin{array}{c} \text{Total In/Outpatient Charges}^2 \\ (\text{L1241523}) \end{array}}$
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1. From the OSHPD Annual Financial Disclosure Report for fiscal year ending in 2002 and the OSHPD Confidential Discharge Data files for calender year of service 2002. Medi-Cal Short/Doyle paid claims files for calender year of service 2002 with dates of payment through May 2004.
2. From the OSHPD Annual Financial Disclosure Report for the hospital's fiscal year ending in 2002.

Medi-Cal/Uninsured Revenues

$$\begin{aligned}
 \text{Medi-Cal/Uninsured Revenues} = & \left(\begin{array}{c} \text{Total Medi-Cal} \\ \text{In/Outpatient} \\ \text{Revenues For CY} \\ \text{of Payment 2003}^1 \end{array} \right) + \left(\begin{array}{c} \text{Estimated} \\ \text{FY 04/05} \\ \text{CRRP Revenues} \\ \text{(From Survey)} \end{array} \right) + \left(\begin{array}{c} \text{Emergency Services/} \\ \text{Supplemental Payments} \\ \text{Revenues} \\ \text{(SB1255 Funds Paid} \\ \text{or Payable} \\ \text{For FY 04/05)}^2 \end{array} \right) + \left(\begin{array}{c} \text{Estimated FY 04/05} \\ \text{Targeted Case} \\ \text{Management Revenues} \\ \text{(From Survey)} \end{array} \right) \\
 & + \left[\left(\begin{array}{c} \text{Uninsured Cash} \\ \text{Payments}^3 \\ (| \text{L1244517} | + | \text{L1244518} | + | \text{L1244519} | + | \text{L1244520} | \\ + | \text{L1246017} | + | \text{L1246018} | + | \text{L1246019} | + | \text{L1246020} |) \end{array} \right) \left(\text{Trend Factor}^4 \right) + \left(\begin{array}{c} \text{04/05 Demonstration} \\ \text{Project Revenues}^5 \end{array} \right) \right] \\
 & + \left(\begin{array}{c} \text{04/05 Graduate Medical} \\ \text{Education Revenues}^2 \end{array} \right) + \left(\begin{array}{c} \text{03/04 CMAC} \\ \text{Overpayments}^6 \end{array} \right)
 \end{aligned}$$

1. From the Medi-Cal paid claims files, Medi-Cal Short/Doyle paid claims files, Medi-Cal Inpatient Psychiatric paid claims files, the San Mateo, Santa Barbara, Solano, Napa, Orange, Santa Cruz, Monterey, and Yolo (1/2003 to 12/2003) county plans paid claims files and data collected from the Medi-Cal Managed Care plans for calendar year of payment 2003.
2. From CMAC.
3. From the OSHPD Annual Financial Disclosure Report for fiscal year ending in 2002.
4. Same as the Trend Factor calculated on page two.
5. Demonstration project revenues are determined based on the terms and conditions of an approved federal Medicaid demonstration project.
6. Additional 2003/04 SB1255 and/or Graduate Medical Education and/or AB761 payments that caused a hospital to exceed their 2003/04 OBRA payment limit. (Calculated on Excel spreadsheet)